CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

MELVILLE SHOE CORPORATION

ANNUAL REPORT

• 1949 •

MELVILLE SHOE CORPORATION

ANNUAL REPORT 1949

J. F. McELWAIN COMPANY
JOHN WARD MEN'S SHOES
THOM McAN

EXECUTIVE OFFICES: 25 WEST 43RD STREET, NEW YORK 18

MELVILLE SHOE CORPORATION

Directors

J. FRANKLIN McELWAIN, *Chairman*

FREDERIC ATTWOOD
GEORGE DICK
ROBERT C. ERB
LESTER R. FALLON
JOEL E. FISHER
FREDERICK S. LITTLE
WARD MELVILLE
JOSEPH L. MERRILL
FRANCIS P. MURPHY
SEWARD M. PATERSON
J. BRENT WELLS

Officers

WARD MELVILLE, *President*
LESTER R. FALLON, *Executive Vice-President*
JOSEPH L. MERRILL, *Vice-President*
GEORGE DICK, *Vice-President*
J. BRENT WELLS, *Vice-President*
JOHN B. FITCH, *Vice-President*
EDWARD W. HEMPHILL, *Vice-President*
LEONARD A. SHEA, *Vice-President*
H. ALBERT BRODIN, *Treasurer*
JOEL E. FISHER, *Secretary*
FRANK SOKOL, *Assistant Treasurer*
ARTHUR PAAR, *Assistant Secretary*

Counsel

DAVIS POLK WARDWELL SUNDERLAND & KIENDL

Auditors

PEAT, MARWICK, MITCHELL AND CO.

Transfer Agent

IRVING TRUST COMPANY
1 Wall Street, New York 15

Registrar

CITY BANK FARMERS TRUST CO.
22 William Street, New York 15

and Subsidiary Companies

OF DECEMBER 31, 1949 AND 1948

LIABILITIES

	December 31 1949	1948
CURRENT LIABILITIES:		
Accounts payable	$ 1,845,054	$ 2,285,006
Accrued taxes, rents, royalties, and sundry expenses	1,896,601	1,858,965
Provision for Federal taxes on income	4,094,172	4,291,034
Total current liabilities	7,835,827	8,435,005
Store managers' security deposits and deposits on leases	121,336	115,852
Provision for self-insurance, etc.	304,301	288,694
STOCKHOLDERS' EQUITY:		
Preferred stock, 4% cumulative convertible, par value $100 each:		
Authorized 80,000 shares		
Issued 65,668 shares	6,566,800	6,566,800
Less 65,438 shares converted into common as of December 31, 1949 and 34,832 shares as of December 31, 1948	6,543,800	3,483,200
	23,000	3,083,600
Less Held for retirement, 6 shares	600	600
Balance as of December 31, 1949 represented by 224 shares redeemed on February 1, 1950 at $105 per share plus accrued dividends. There were 30,830 shares outstanding as of December 31, 1948	22,400	3,083,000
Common stock, par value $1 each:		
Authorized, including 154,150 shares reserved as of December 31, 1948 for issuance on conversion of preferred stock, 2,500,000 shares		
Issued 2,340,458 shares as of December 31, 1949 and 2,187,428 shares as of December 31, 1948 (par value $2,340,458 in 1949, $2,187,428 in 1948) (See Note 2)	11,407,355	8,346,755
Balance of earnings retained for use in the business	10,774,460	9,330,736
	22,204,215	20,760,491
Total	$30,465,679	$29,600,042

Melville Shoe Corporation and Subsidiary Companies

STATEMENT OF CONSOLIDATED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1949 AND 1948

			1949	1948
SALES:				
Store and factory sales			$115,157,198	$124,015,243
	1949	1948		
Store sales	$71,864,212	$75,568,381		
Factory sales	43,292,986	48,446,862		
Less Inter-company sales			37,128,278	40,421,982
Net sales			78,028,920	83,593,261
Cost of sales and store operating, selling, general and administrative expenses			67,711,037	73,116,831
			10,317,883	10,476,430
DEDUCT:				
Depreciation			1,082,237	714,094
Employees' retirement plan			179,655	174,791
Other charges			42,957	48,624
			1,304,849	937,509
			9,013,034	9,538,921
ADD:				
Net profit on real estate operations			36,863	46,536
Other income			49,442	70,359
			86,305	116,895
Earnings before Federal taxes			9,099,339	9,655,816
Provision for Federal taxes			3,561,329	3,748,000
Net earnings			$ 5,538,010	$ 5,907,816

See page 14 for notes to financial statements.

Melville Shoe Corporation and Subsidiary Companies

STATEMENT OF BALANCE OF CONSOLIDATED EARNINGS RETAINED FOR USE IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1949

Amount at December 31, 1948		$ 9,330,736
Net earnings for the year		5,538,010
		14,868,746
DEDUCT:		
Cash dividends paid:		
Preferred stock, 4%	$ 96,426	
Common stock, $1.80 per share	3,997,860	4,094,286
Amount at December 31, 1949		$10,774,460

See page 14 for notes to financial statements.

Melville Shoe Corporation and Subsidiary Companies

NOTES TO FINANCIAL STATEMENTS

(1) *Inventories:*

Inventories have been determined on the basis of physical inventories taken principally during the latter part of the year and adjusted to the end of the year. A substantial part of the physical inventories was observed by the Companies' independent public accountants who also tested the inventory prices and computations. The Companies continued the policy of determining inventories by the elective method ("last-in, first-out") provided for in the Revenue Act of 1939 except as to approximately $1,871,000 at December 31, 1949 and $1,877,000 at December 31, 1948 stated at the lower of cost or replacement market (cost being computed principally on the basis of current averages by classes, with some materials on the basis of specific invoice cost).

(2) *Common stock:*

The excess of common stock capital liability over the aggregate par value of issued shares amounting to $9,066,897 at December 31, 1949 represents capital arising from conversion of preferred shares of the par value of $100 each into common shares of the par value of $1 each and is included in common stock capital because of statutory requirements and resolution of the Board of Directors.

(3) *Long-term leases:*

As of December 31, 1949 a subsidiary company had entered into 223 store lease agreements for periods ending subsequent to December 31, 1952. The minimum aggregate rentals under these leases amounts to $4,823,599 of which $3,095,530 is for the three years ending December 31, 1955, $1,178,484 for the three years ending December 31, 1958 and $549,585 for the remaining terms of the leases.

ACCOUNTANTS' REPORT

To the Board of Directors,
Melville Shoe Corporation,
New York, New York.

We have examined the consolidated balance sheet of Melville Shoe Corporation and Subsidiary Companies as of December 31, 1949 and the related statements of consolidated earnings and consolidated balance of earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings and consolidated balance of earnings retained for use in the business present fairly the financial position of Melville Shoe Corporation and Subsidiary Companies at December 31, 1949 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

Worcester, Mass.
February 17, 1950.

Stores, Sales and Earnings

FOR THE YEARS 1930—1949

Year	Stores at Year-end	Pairs Sold Retail	Pairs Per Store	Retail Sales	Factory Sales	Total Sales	Wages and Compensation	Taxes	Earnings Before Federal I & E P Taxes*	Earnings After Taxes	Earnings Per Common Share†	Dividends Per Common Share‡
1930	480	6,515,190	13,375	$28,654,300	$12,620,525	$41,274,825	$6,125,454	$525,925	$2,305,797	$2,061,099	$ .88	$ .50
1931	476	6,470,720	13,577	26,286,518	11,600,146	37,886,664	5,851,530	512,681	1,884,777	1,656,660	.71	.50
1932	499	5,731,535	11,953	20,594,311	8,497,864	29,092,175	4,669,608	367,652	1,306,012	1,185,338	.51	.38
1933	535	6,369,254	12,489	21,112,783	10,631,665	31,744,448	5,367,621	592,982	2,345,562	2,069,059	.88	.30
1934	588	7,686,068	13,635	27,215,927	14,398,684	41,614,611	6,834,385	770,788	3,072,171	2,634,265	1.13	.45
1935	609	9,085,155	15,388	30,355,524	16,947,267	47,302,791	7,765,484	871,106	3,477,078	3,001,984	1.28	.72
1936	651	9,907,356	15,654	35,300,758	19,578,204	54,878,962	8,630,006	1,283,826	4,282,927	3,534,897	1.51	1.25
1937	690	10,314,791	15,388	38,155,438	22,199,736	60,355,174	9,976,537	1,335,660	3,344,873	2,801,695	1.20	1.25
1938	677	10,146,182	14,732	36,042,285	19,053,609	55,095,894	9,390,127	1,364,004	2,808,403	2,295,534	.98	.75
1939	663	10,713,767	16,058	38,326,853	21,721,707	60,048,560	9,913,010	1,625,112	3,873,292	3,141,161	1.34	1.00
1940	666	10,933,085	16,458	40,260,777	22,446,029	62,706,806	9,847,880	1,921,556	4,339,218	3,210,961	1.37	1.12
1941	659	12,220,781	18,427	46,653,910	28,588,553	75,242,463	11,982,680	2,789,468	4,753,348	2,924,275	1.25	1.12
1942	579	11,857,383	19,020	51,644,040	36,982,550	88,626,590	13,990,280	5,714,719	7,478,200	2,582,863	1.10	1.00
1943	556	8,797,480	15,621	39,238,096	29,288,336	68,526,432	11,778,538	2,985,542	4,674,122	2,452,069	1.05	1.00
1944	549	8,397,002	15,234	37,051,163	33,238,881	70,290,044	13,018,344	2,545,030	3,884,527	2,192,797	.94	1.00
1945	536	8,840,691	16,338	41,216,792	34,956,285	76,173,077	14,038,031	3,008,300	4,631,577	2,400,907	1.03	1.00
1946	519	11,599,430	22,098	60,213,552	35,072,592	95,286,144	15,728,749	3,397,749	6,586,968	3,895,968	1.66	1.15
1947	519	11,017,192	21,364	71,992,773	48,566,594	120,559,367	18,747,576	4,971,733	9,437,690	5,419,690	2.32	1.65
1948	547	10,658,054	20,117	75,568,381	48,446,862	124,015,243	19,842,748	4,919,880	9,655,816	5,907,816	2.52	1.80
1949	560	10,311,100	18,595	71,864,212	43,292,986	115,157,198	19,258,854	4,640,645	9,099,339	5,538,010	2.37	1.80

**Actual consolidation of Melville Shoe Corporation and J. F. McElwain Company did not occur until December 22, 1939.*

†On basis of the capitalization of Melville Shoe Corporation as of December 31, 1949, which is after giving effect to changes in the number of common shares outstanding.

‡On Melville Shoe Corporation stock outstanding each year. Adjusted, all years, for 2-for-1 split; adjusted, before 1940, on basis of reclassification of stock incident to consolidation with J. F. McElwain Company, which involved exchange of 1 share of old common stock for 2 shares of new common stock and 1-10 share of preferred stock. Dividends on J. F. McElwain Company stock prior to 1940 not included.

Stores of Melville Shoe Corporation

as at December 31, 1949

JOHN WARD—10 STORES

Boston
Brooklyn (2)
Newark
New York (4)
Philadelphia
Washington

THOM McAN—550 Stores (Including Leased Departments)
(in 317 cities in 41 states and the District of Columbia)

ALABAMA (4)
Birmingham (2)
Mobile
Montgomery

ARIZONA (2)
Phoenix
Tucson

ARKANSAS (1)
Little Rock

CALIFORNIA (20)
Compton
Glendale
Hollywood
Huntington Park
Los Angeles (2)
Modesto
Oakland (2)
Palo Alto
Redwood City
Richmond
Sacramento
San Bernardino
San Diego
San Francisco (3)
San Jose
Santa Monica

COLORADO (2)
Denver (2)

CONNECTICUT (20)
Bridgeport (2)
Bristol
Danbury
Derby
Hartford (3)
Meriden
Middletown
New Britain
New Haven (3)
New London
Norwich
South Manchester
South Norwalk
Stamford
Waterbury

DELAWARE (1)
Wilmington

DISTRICT OF COLUMBIA (5)
Washington (5)

FLORIDA (12)
Fort Lauderdale
Jacksonville (2)
Lakeland
Miami (2)
Orlando
Pensacola
St. Petersburg
Tampa (2)
West Palm Beach

GEORGIA (6)
Atlanta (2)
Augusta
Columbus
Macon
Savannah

ILLINOIS (27)
Aurora
Chicago (17)
Danville
Decatur
Joliet
Kankakee
Moline
Peoria
Quincy
Rock Island
Springfield

INDIANA (15)
Anderson
Elkhart
Evansville
Fort Wayne (2)
Gary
Hammond
Indianapolis (3)
Lafayette
Marion
Muncie
Richmond
South Bend

IOWA (2)
Davenport
Des Moines

KENTUCKY (8)
Ashland*
Covington
Lexington
Louisville (3)
Newport
Paducah

LOUISIANA (6)
Baton Rouge
Monroe
New Orleans (3)
Shreveport

*Indicates Leased Departments.

MAINE (2)

Lewiston
Portland

MARYLAND (13)

Baltimore (11)
Cumberland
Hagerstown

MASSACHUSETTS (43)

Allston
Attleboro
Boston (3)
Brockton
Cambridge
Chelsea
Dorchester (2)
East Boston
Everett
Fall River
Fitchburg
Framingham
Gloucester
Haverhill
Holyoke
Hyde Park
Lawrence (2)
Lowell
Lynn (2)
Malden
Medford
New Bedford (2)
Norwood*
Pittsfield
Quincy
Roslindale
Roxbury
Salem
Somerville
South Boston
Springfield (2)
Wakefield
Waltham
Woburn
Worcester (2)

MICHIGAN (28)

Ann Arbor
Battle Creek
Dearborn
Detroit (11)
Ferndale
Flint
Grand Rapids
Hamtramck
Highland Park
Jackson
Kalamazoo
Lansing
Muskegon
Pontiac
Port Huron
River Rouge
Saginaw
Wyandotte

MINNESOTA (5)

Duluth
Minneapolis (3)
St. Paul

MISSISSIPPI (5)

Biloxi*
Greenville
Jackson
Meridian
Vicksburg

MISSOURI (15)

Kansas City (3)
Maplewood
St. Joseph
St. Louis (10)

NEBRASKA (2)

Lincoln
Omaha

NEW HAMPSHIRE (2)

Manchester
Portsmouth

NEW JERSEY (34)

Asbury Park
Atlantic City
Bayonne
Bergenfield
Bloomfield
Camden (2)
Elizabeth
Hackensack
Harrison
Hoboken
Irvington
Jersey City (4)
Morristown
Newark (7)
New Brunswick
Orange
Passaic
Paterson
Plainfield
Red Bank
Trenton
Union
Union City
West New York

NEW MEXICO (1)

Albuquerque

NEW YORK (113)

Albany (3)
Amsterdam
Bay Shore
Binghamton
Buffalo (7)
Elmira
Freeport
Glens Falls
Hempstead
Huntington
Jamestown
Kenmore
Lynbrook
Mt. Vernon
Newburgh
New Rochelle
Niagara Falls
New York:
  Manhattan (20)
  Bronx (12)
  Brooklyn (24)
  Queens (16)
  Richmond (2)
Peekskill
Port Chester
Poughkeepsie
Rochester (2)
Schenectady
Syracuse (2)
Troy
Utica (2)
Valley Stream
White Plains
Yonkers

*Indicates Leased Departments.

CONSOLIDATED BALANCE SHEET AS

ASSETS

	December 31 1949	1948
CURRENT ASSETS:		
Cash in banks and on hand	$13,093,495	$11,916,269
United States Government securities, at cost	517,836	517,836
Accounts receivable, trade and miscellaneous, less provision for possible losses	774,642	1,139,462
Inventories less provision for price decline (See Note 1):		
Finished goods	4,612,052	4,508,984
Work in process, raw materials and supplies	2,868,068	2,863,661
	7,480,120	7,372,645
Prepaid insurance, taxes, rents, supplies, etc.	576,417	576,411
Total current assets	22,442,510	21,522,623
Refunds of Federal taxes under Section 22(d) (6) of the Internal Revenue Code resulting from replacement of inventories maintained on "last-in, first-out" basis	1,472,794	1,472,794
INVESTMENTS:		
Cash and United States Government securities, at cost, held by bank as security for store managers' deposits	142,000	142,000
Cash surrender value of $764,000 of life insurance policies on life of the President	253,275	233,175
	395,275	375,175
PROPERTY, PLANT AND EQUIPMENT (at cost):		
Land and buildings	1,857,064	1,883,835
Machinery and equipment	1,369,746	1,315,670
Store and office fixtures, improvements to leased store properties and miscellaneous equipment	9,700,502	8,715,484
	12,927,312	11,914,989
Less accumulated depreciation and amortization	6,795,956	6,307,541
	6,131,356	5,607,448
Cash in preferred stock retirement fund	23,744	622,002
Total	$30,465,679	$29,600,042

See page 14 for notes to financial statements.

CAPITAL IMPROVEMENTS

The company expended $1,662,967 for capital additions and improvements in 1949 against $2,644,501 in 1948. $396,474 was expended for maintenance and repairs, compared with $576,433 in 1948. Depreciation charged against operations amounted to $1,082,237 as compared with $714,-094 in 1948.

STOCKHOLDERS

On February 1, 1950 the company had 9,568 stockholders living in 48 states, the District of Columbia, and four foreign countries.

These stockholders included 635 trustees and guardians, 118 churches, universities, hospitals and charitable institutions. 3,384, or 35.4 percent were women.

1,402, or 14 percent of our stockholders owned less than	20 shares
3,510, or 36 percent of our stockholders owned less than	50 shares
5,362, or 56 percent of our stockholders owned less than	100 shares
9,422, or 98 percent of our stockholders owned less than	1,000 shares

We hope every stockholder will take a personal interest in the business and assist in getting more people to patronize our stores. We welcome suggestions for improving any phase of our reports or our operations.

PROXIES

Proxies will be solicited on or about March 14, 1950, for the Annual Meeting to be held April 3, 1950.

Respectfully submitted,

J. Franklin McElwain

CHAIRMAN OF THE BOARD

Ward McNeely

PRESIDENT

March 10, 1950.

The company had no bank loans or mortgages during the year and has no funded indebtedness. The company has not borrowed for seventeen years. No officer or director was indebted to the company during the year.

TAXES

Federal, state and local taxes amounted to $4,640,645, equivalent to $1.98 per share of common stock outstanding.

Provision for Federal income taxes amounted to $3,561,329, which is the equivalent to $1.52 per share of common stock outstanding.

WAGES

The company's payments to employees, government, common stockholders, and the amount retained for use in the business, during the last two years were:

	1949	*1948*
Wages	$19,258,854	$19,842,748
Taxes—Federal, State and Local	4,640,645	4,919,880
Dividends on Common Stock	3,997,860	3,899,068
Retained for use in the business	1,443,724	1,868,415

After payments for materials, merchandise, taxes and other necessary expenses and the amount reinvested in the business, 82% of the distributable income went to the company's 6,687 employees.

STORE OPERATIONS

During 1949 the company remodeled, enlarged or otherwise improved 145 stores; 12 stores were replaced by new stores in different locations in the same communities; 9 stores were closed; and 22 new stores were opened in new communities.

its entirety. If the proposal is adopted, the entire capitalization will consist of common stock.

SALES

Total sales were $115,157,198 compared with $124,015,243 in 1948. Inter-company sales amounted to $37,128,278 leaving net sales of $78,028,920 compared with inter-company sales of $40,421,982 and net sales of $83,593,261 in 1948. Sales at retail amounted to $71,864,212 compared with $75,568,381 in 1948. Unit sales of shoes at retail for the year were 10,311,100 compared with 10,658,054 in 1948. Total unit sales for the year at retail and to outside customers were 11,371,820 compared with 11,939,419 pairs in 1948.

Hosiery sales were $5,616,783 compared with $6,279,791 in 1948. Unit sales of hosiery in 1949 were 12,899,153 pairs compared with 13,906,662 pairs in 1948.

Sales of the J. F. McElwain Company for 1949, including inter-company sales, were $43,292,986 compared with $48,446,862 in 1948.

CURRENT POSITION

At the end of the year, the total current assets were $22,442,510, of which $13,611,331 was cash and U. S. Government securities, as against current liabilities of $7,835,827, a ratio of 2.86 to 1.

Under the sinking fund provisions of the preferred stock, the company had set aside cash amounting to $829,513 for redemption. With only 224 shares outstanding at the year-end, redeemable at $105 and accrued dividends, $23,744 of the sinking fund was all that was required for that purpose. This released $805,769 to our general cash fund, increasing our working capital to that extent.

Character of Business

Melville Shoe Corporation, founded in 1892 and incorporated in 1914, is the largest integrated shoe manufacturing-retailing organization in the United States. It operates 560 stores in 317 cities in 41 states and the District of Columbia; 12 factories in New Hampshire and Massachusetts; a warehouse in Worcester, Massachusetts, that distributes shoes to all stores and serves as a record-keeping center for accounting and merchandise distribution information; a factory office in Boston and an executive headquarters in New York. Of the 560 stores, 550 are Thom McAn stores selling popular priced men's and boys' shoes; 10 are John Ward stores, located in the East, selling men's shoes. Current prices on Thom McAn men's shoes are $5.95 and $6.95 (a few stores carry some shoes at $8.95). The current John Ward price range is from $8.95 to $15.95.

Although 79 of the Thom McAn stores sell women's and children's shoes, in addition to men's and boys', 90% of the company's business is in men's and boys' shoes, hosiery and rubber footwear. All Thom McAn men's and boys' shoes are produced by the manufacturing affiliate, the J. F. McElwain Company, the largest manufacturer of men's dress welt shoes in the country.

The Corporation is fourth in net sales and second in net earnings in the shoe industry. Since the incorporation the company has never operated at a loss and has an unbroken common stock dividend record dating back to 1916. The integrated character of the business contributes to the stability of earnings.

Highlights

	1949	*1948*	*Percent Change*
Sales:			
Factory	$ 43,292,986	$ 48,446,862	−10.6
Stores	71,864,212	75,568,381	− 4.9
Total Sales	115,157,198	124,015,243	− 7.1
Inter-company Sales	37,128,278	40,421,982	− 8.1
Net Sales	78,028,920	83,593,261	− 6.7
Net Earnings After Taxes	5,538,010	5,907,816	− 6.3
Net Earnings Percent of Total Sales	4.81%	4.76%	
Net Earnings Percent of Net Sales	7.10%	7.07%	
Earnings Per Share of Common Stock*	$2.37	$2.52	− 6.3
Dividend on Common Stock	3,997,860	3,899,068	+ 2.5
Dividend Per Share of Common Stock	1.80	1.80	—
Retained for Use in the Business	1,443,724	1,868,415	−22.7
Wages and Compensation	19,258,854	19,842,748	− 2.9
Taxes—Federal, State and Local	4,640,645	4,919,880	− 5.7
Taxes—Per Share of Common Stock*	1.98	2.10	− 5.7
Cash and Governments	13,611,331	12,434,105	+ 9.5
Inventories	7,480,120	7,372,645	+ 1.5
Total Current Assets	22,442,510	21,522,623	+ 4.3
Total Current Liabilities	7,835,827	8,435,005	− 7.1
Net Working Capital	14,606,683	13,087,618	+11.6
Ratio of Working Capital	2.86	2.55	+12.2
Bank Loans, Mortgages or Funded Indebtedness	None	None	
Capital Additions and Improvements	$1,662,967	$2,644,501	−37.1
Maintenance and Repairs	396,474	576,433	−31.2
Depreciation	1,082,237	714,094	+51.6
Plant, Property and Equipment	12,927,312	11,914,989	+ 8.5
Accumulated Depreciation and Amortization	6,795,956	6,307,541	+ 7.7
Number of Stockholders	9,568	7,451	+28.4
Number of Employees	6,687	7,173	− 6.8
Number of Stores	560	547	+ 2.4
Number of Shares of Preferred Stock	224	30,830	−99.3
Number of Shares of Common Stock	2,340,458	2,187,428	+ 7.0

*On the capitalization as of December 31, 1949.

TO THE STOCKHOLDERS OF
MELVILLE SHOE CORPORATION:

The THIRTY-SIXTH annual report of Melville Shoe Corporation and subsidiaries for the year ending December 31, 1949, is submitted herewith. This report includes the J. F. McElwain Company, Melville Realty Co. Inc., and the R-W Realty Co. Inc.

NET EARNINGS

Consolidated net earnings for the year amounted to $5,538,010 as against $5,907,816 for 1948. This represents earnings of $2.37 per share on the capitalization at the end of the year, compared with $2.52 per share, on the same basis, for 1948.

DIVIDENDS

During the year, in addition to regular dividends on the outstanding cumulative preferred stock, there was paid $1.80 per share on the common stock, the same as in 1948.

PREFERRED STOCK

As 1949 was the last year that holders of preferred stock could exercise the conversion privilege, 30,606 shares were converted into 153,030 shares of common stock. This was a larger conversion than in any previous year. As of December 31, 1949 only 224 shares remained outstanding. These shares were redeemed on February 1, 1950 at the call price, $105, plus accrued dividends. At the annual meeting, to be held on April 3, 1950, the stockholders will be asked to consider and vote upon a proposal to eliminate the preferred stock in

J. F. McELWAIN COMPANY

Directors

J. FRANKLIN McELWAIN, *Chairman*

ROBERT C. ERB
RANDALL D. ESTEN
FRANCIS H. GLEASON
JAMES C. MACKAY
WARD MELVILLE
JOSEPH L. MERRILL
FRANCIS P. MURPHY
ROBERT A. T. NELSON
SEWARD M. PATERSON

Officers

ROBERT C. ERB, *President*
FRANCIS H. GLEASON, *Executive Vice-President*
FRANCIS P. MURPHY, *Vice-President*
SEWARD M. PATERSON, *Vice-President*
ROBERT A. T. NELSON, *Vice-President*
JAMES C. MACKAY, *Vice-President*
RANDALL D. ESTEN, *Treasurer*
CLINTON P. WALLACE, *Comptroller*
AGNES H. FISCHER, *Assistant Treasurer*

MELVILLE REALTY CO., INC. *and* THE R-W REALTY CO., INC.

Officers

ARTHUR PAAR, *President*
JAMES O. THOMAS, *Vice-President*
H. ALBERT BRODIN, *Treasurer*
JOEL E. FISHER, *Secretary*
BERTHA K. SMITH, *Assistant Secretary*

NORTH CAROLINA (8)

Asheville
Charlotte
Durham
Greensboro
High Point
Raleigh
Wilmington
Winston-Salem

OHIO (41)

Akron (2)
Alliance
Canton
Cincinnati (5)
Cleveland (12)
Columbus (3)
Dayton (3)
Hamilton
Lima
Lorain
Mansfield
Norwood
Portsmouth
Springfield
Steubenville
Toledo (3)
Warren
Youngstown (2)

OKLAHOMA (2)

Oklahoma City
Tulsa

OREGON (1)

Portland

PENNSYLVANIA (37)

Allentown
Altoona
Beaver Falls
Braddock
Chester
Erie (2)
Greensburg
Harrisburg
Hazleton
Homestead
Johnstown
McKeesport
New Castle
Philadelphia (14)
Pittsburgh (3)
Pottsville
Reading
Scranton
Upper Darby
Wilkes-Barre
York

RHODE ISLAND (11)

Newport
Pawtucket (2)
Providence (5)
Westerly
West Warwick
Woonsocket

SOUTH CAROLINA (4)

Charleston
Columbia
Greenville
Spartanburg

TENNESSEE (6)

Chattanooga
Johnson City
Knoxville
Memphis (2)
Nashville

TEXAS (26)

Abilene
Austin
Baytown
Beaumont
Brownsville
Corpus Christi (2)
Dallas (4)
El Paso
Fort Worth (2)
Galveston
Houston (3)
Laredo
Port Arthur
San Antonio (3)
Tyler
Waco
Wichita Falls

UTAH (2)

Ogden
Salt Lake City

VERMONT (1)

Burlington

VIRGINIA (7)

Lynchburg
Newport News
Norfolk (2)
Portsmouth
Richmond
Roanoke

WASHINGTON (1)

Tacoma

WEST VIRGINIA (4)

Charleston
Clarksburg
Huntington
Wheeling

WISCONSIN (5)

Madison
Milwaukee (2)
Oshkosh
West Allis

MELVILLE SHOE CORPORATION

EXECUTIVE OFFICES: 25 West 43rd Street, New York 18

ACCOUNTING AND GENERAL OFFICES AND WAREHOUSE:
44 Hammond Street, Worcester 3, Mass.

J. F. McELWAIN COMPANY

FACTORIES: Nashua, N. H. (4); Manchester, N. H. (7);
Athol, Mass. (1)

GENERAL OFFICES: 103 Temple Street, Nashua, N. H.

BOSTON OFFICE: 140 Federal Street, Boston 10